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Ninth Annual Report

State Board of Hail Insurance

OCT 30 1931



LETTER OF TRANSMITTAL.

March 18, 1926.

To the Governor,
Honorable J. E. Erickson,
Helena, Montana.

Dear Sir:

I have the honor to submit herewith, the ninth annual report of the State Board of Hail Insurance, covering especially the business of the season of 1925, and also giving a short review of the other years together with information for grain growers relative to hail insurance.

All losses for the year of 1925 were promptly paid, and the financial condition of the department has been greatly improved through the favorable conditions encountered.

The business for the year showed a healthy increase. The satisfaction with which it was handled was in a large part due to the co-operation of county officers and of the grain growers concerned.

The report is attached. The first part covers the 1925 business, the second furnishes information for farmers who desire insurance for 1926. A few paragraphs are given in explanation of proposed hail insurance legislation. I trust you will find it satisfactory and that it furnishes all the information desired by the grain growers of the state.

Respectfully yours,

STATE BOARD OF HAIL INSURANCE.

E. K. BOWMAN, Chairman.

Issued April 15th, 1926, Including Report on
1925 Business.

To Montana

This report marks the successful completion of the ninth year for the department. Almost \$1,200,000 has been distributed among Montana grain growers on hail losses. This money was paid out during a time of most urgent need to the farmers, and has no doubt been a great factor in helping them overcome the adversity of hail damage.

There was a good increase in the amount of business for 1925. The losses were light and scattered. This enabled a reduction of 20% from the regular rate which was very welcome to the farmers concerned. At the same time it allowed the collection of a large fund which went a long ways towards liquidating the loan from the State Land Board.

This loan was made necessary by the unusually large delinquent lists of 1920, 21, and 22 which caused the registered warrants to run to about \$150,000. Delinquent levies have been nearly eliminated the last three years, and the Board hopes with reasonable conditions to have the reserve fund on a cash basis by 1927.

The coming season will no doubt see another good increase in the demand for hail insurance. The department is retaining all the old staff of adjusters, and plans are being made for the prompt handling of all business entrusted the department for the season of 1926.

Yours respectfully,

STATE BOARD OF HAIL INSURANCE.

By E. K. BOWMAN, Chairman.

The Season of 1925 Was One of Moderate Hail Losses.

Claims were filed with the department from 23 counties during the season and for 26 different days. Reports show that many of the storms were severe but covered small areas when compared with other years. The first loss of the season was on a small field of oats in southern Powder River County, on the 31st of May, the last one on the 28th of August. The latter covered damage on a partially cut field of oats in Treasure County. As usual, the largest adjustments were made in July. A few of the larger are as follows:

Enger K. Ferestad.....	Scobey, Daniels County	\$ 630
Peterson Bros.	Webster, Fallon County	740
John Gordon	Sand Springs, Garfield County.....	1,022
E. A. Higinbothan.....	Harrison, Madison County	640
J. A. Young	Ringling, Meagher County	797
Frank Hoffelt	Grenora, N. D., Sheridan County	899

The business for the season was fairly well scattered. The larger part came from the northern counties, running from Great Falls and Havre to the eastern border of the state. Following is a complete statement of the business by counties, together with the administration account:

Grain Growers

1925 STATEMENT.

County	Net Acres Grain Insured at \$10 Per Acre	Levy	Losses
Beaverhead	310	\$ 173.60	.....
Big Horn	481	346.32	.....
Blaine	8,265	5,313.67	\$1,035.30
Broadwater	466	261.33	.....
Carbon	690	441.92	103.00
Cascade	2,762	1,988.88	.....
Chouteau	1,314	840.96	.....
Custer	154	98.56	127.50
Daniels	23,778	15,221.16	3,105.50
Dawson	1,428	914.40	.....
DeWalla	2,940	1,884.16	1,242.75
Fergus	1,341	965.88	.....
Garfield	2,601	1,872.72	1,420.50
Glacier	331	238.32	.....
Golden Valley	434	347.92	42.90
Hill	2,996	1,936.80	621.00
Jefferson	232	129.92	.....
Lake	42	20.80	.....
Lewis and Clark	102	67.12	.....
Liberty	972	622.40	.....
McCone	738	472.32	.....
Madison	540	302.40	640.00
Meagher	685	548.00	1,642.00
Musselshell	2,593	2,074.54	443.95
Park	40	32.00	.....
Petroleum	368	265.20	.....
Phillips	3,356	2,148.16	.....
Pondera	1,714	1,235.88	.....
Powder River	390	253.44	761.00
Prairie	2,082	1,341.38	450.00
Richland	3,365	2,153.81	.....
Roosevelt	15,697	10,056.15	299.00
Rosebud	895	644.76	223.00
Sheridan	22,886	14,647.62	1,289.00
Stillwater	300	240.00	329.00
Sweetgrass	167	134.00	.....
Teton	145	104.40	.....
Toole	1,442	1,038.24	805.50
Treasure	592	426.24	25.00
Valley	2,730	1,747.20	.....
Wheatland	658	526.60	1,657.50
Wibaux	764	488.96	145.00
Yellowstone	1,332	1,078.86	90.17
	115,128	\$75,637.00	\$16,498.57

Fractional acres omitted.

Also 278 acres of hay omitted.

Totals include these.

Administration Account for 1925.

State office salaries and traveling expenses (Chairman, clerk hire, Board members per diem and expenses).....	\$4,905.88	
General office expense (printing, stationery, postage, telephone, telegraph, equipment and supplies)	1,817.55	
Hail adjusters per diem and expense.....	2,201.48	
Advertising	705.82	
Total expense for 1925 business.....		\$9,630.73
Expense collecting delinquent accounts.....		1,970.19
1925 loss payments		16,498.57
Interest on same		29.64
Total paid from 1925 fund.....		\$28,129.13
Total of 1925 levy		\$75,637.00
Amount paid out to Jan. 1, 1926.....	\$28,129.13	
1925 accounts delinquent Jan. 1, 1926.....	9,397.95	
Cash in fund No. 137.....	38,109.92	
To balance 1925 levy		\$75,637.00
Totals for 1925:		
Total risk carried		\$1,152,672
Total levy		75,637
Number insured		1,169
Number losses		84
Average cost of insurance at \$10 per acre.....		66c
Total acres insured at \$10 per acre.....		115,128
Average insurance carried per acre.....		\$8.30

General In

How to Get State Hail Insurance.

State Hail Insurance is easy to get. All application blanks, waivers, and other forms are simply made and may be obtained in the office of any county assessor. The applicant has only to meet the following conditions in order that his hail insurance may be made effective. These rules are necessary in order to secure the payment on the levy and will in turn provide for the prompt payment of losses.

1. Application must be made to the assessor of the county in which the grain is growing and must be made by the 15th of August in each season.

2. Any record owner of land, on which grain is growing, may have the hail insurance extended against his land the same as other taxes, providing he is not delinquent more than one year with his taxes.

3. Owners with more than one year's delinquent taxes will be insured if they will give the county a good lien on the crop. By a good lien is meant one that is subject only to liens for seed and feed.

4. Any grain grower who can not obtain insurance under the first three rules, i. e., on account of delinquent taxes or previous crop mortgages, may get his insurance if the mortgagee will sign a waiver of his mortgage for the amount of the hail insurance levy. The assessors will assist with filing these waivers.

Kinds of Crops That May Be Insured.

Assessors will issue hail insurance on these crops:

Wheat	Buckwheat	Alfalfa Seed
Oats	Corn	Peas
Flax	Speltz	Beans
Barley	Timothy	Hay Crops
Rye	Clover Seed	

If insurance is desired on other crops, write the State Board of Hail Insurance at Helena.

Partial Cancellation if Loss of Crop.

If any grain insured under state policies is destroyed by other means than hail, the rate may be reduced in proportion to the length of time the insurance was in force. Application for reduction must be made within the following limits:

Before July first on winter grain.

Before July 20th on spring planted crops.

Cost of State Hail Insurance.

A good many farmers seem to think hail is a necessary evil from which there is no reasonable escape. When farmers want hail insurance on their grain, the premium is many times that charged for fire insurance. Following is a comparison of costs:

\$4 to \$10 per \$1,000 will pay for fire insurance on farm property.

\$80 per \$1,000 has been the average cost of state hail insurance.

\$100 to \$150 per \$1,000 has been the rate for hail insurance with stock companies, in the territory where most of the state insurance is written.

A good many insurance men are of the belief that there will be no reduction in stock company rates and that future rates will stand about the same as they are now, except for occasional changes of rates in different localities.

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Apparently, the only hope for cheaper hail insurance is through an agency like the state department of hail insurance. The business is too hazardous for mutual companies. The loss rate will no doubt always continue high. Cost can be reduced through state management, because the experience of the last ten years shows that state departments distributed, in the form of losses, from 90 to 95 per cent of all funds collected. The Spectator, an insurance magazine, says that stock companies have returned about 62½% as loss payments, and that they should not return more than 50%.

Record of Loss Payments Under the Present Law.

Following is a table showing payments made by the department for the last seven years, together with the average cost per acre:

1919—\$12.00 Insurance per acre.	All losses paid.
Cost 60c for \$10 per acre ins.	
1920—\$12.00 Insurance per acre.	All losses paid.
Cost 80c for \$10 per acre ins.	
1921—\$12.00 Insurance per acre.	All losses paid.
Cost 90c for \$10 per acre ins.	
1922—\$12.00 Insurance per acre.	All losses paid.
Cost 70c for \$10 per acre ins.	
1923—\$10.00 Insurance per acre.	68% losses paid.
Cost 88c for \$10 per acre ins.	
1924—\$10.00 Insurance per acre.	All losses paid.
Cost 83c for \$10 per acre ins.	
1925—\$10.00 Insurance per acre.	All losses paid.
Cost 66c for \$10 per acre ins.	

Manner of Adjusting and Paying Losses.

Losses have been adjusted in about the same manner as by the stock companies. The time is usually about a week after the damage has been reported. There evidently will be quite a difference in the manner of adjusting for 1926 by the stock companies, according to the report of the Western Hail and Adjustment Association, in December, 1925, where the following rule was adopted to cover 1926 business: "Liability will not go into effect until 75% of the plants have jointed and attained a height of at least ten inches measured from the ground to the tip of the largest leaf." There is some feeling among farmers that this rule would be fair in some cases, but on account of the great variety of weather conditions and different elevations encountered in Montana, the State Board felt that an adoption of a rule of this sort would not be feasible. We will continue our former practice of allowing adjustments on grain shorter than ten inches. The insurance of the department covers damage for the entire growing season, regardless of the age of the grain. The final adjustment may be delayed for several weeks in the case of small grassy grains, but will cover the actual loss for the season as nearly as it can be ascertained.

One-half the amount due each claimant is paid by a hail insurance warrant within 40 days after the adjustment, and the warrant for the balance is given at the close of the hail season. Since 1920, all hail insurance warrants issued for hail losses have been cashed promptly. The adjustments are made by farmers or men who have been farming and should understand the effect of hail damage on growing grain. There are few disagreements in adjusting, but when it occurs an adjustment is made by another man. A claimant may demand arbitration if he will post a small cash bond to guarantee payment of the expenses in case he does not receive an increase.

Each year the department receives quite a number of letters from farmers served by the department. On the outside of this folder is one received from a farmer near Ringling which expresses the appreciation the farmers hold for the work:

Changes Are Proposed for the Hail Insurance Law.

Senate Committee Report—Recommendations.

During the last session of the Montana legislature, a committee was appointed in the senate to go over the hail insurance situation. They made a rather extended report. Some of it bears on the proposed legislation so we are printing a part:

"We, your special committee appointed to investigate the State Board of Hail Insurance, beg leave to report as follows:

"For your information we will offer a few of our observations: During the eight years that this department has been in operation sixteen thousand farmers have insured with the department, over four thousand seven hundred loss claims were adjusted and paid, amounting to more than \$1,143,000.00. Also, during the eight years there have been only two years when the losses were not paid in full.

"When the adverse conditions obtaining on the farm during the last several years are taken into consideration, this record speaks well for the management. We find the office work conducted with a minimum of expense, the force consisting of the manager and one stenographer.

"Since loss from hail constitutes one of the greatest menaces to the agricultural interests of this state, we feel that any measure that will increase the efficiency of this department and lessen the cost of insurance to the farmers should have your support.

"That a constitutional amendment be submitted to the voters of the state for approval that is similar to the ones adopted in Canada and the Dakotas.

"We make the first recommendation on account of the fact that the hail insurance laws in Canada and the Dakotas have been so successful. Their loss payments have been made in full in practically all cases and the departments are patronized very largely by the farmers. Records show that more than 90% of all the hail insurance written in North Dakota is written by the State Hail Insurance Department. The patronage is almost as good in South Dakota and the Canadian Provinces."

The above report which is quoted in part was made and signed by the following senators:

John M. Mears.....	Judith Basin County
W. L. Staggs.....	Wibaux County
Christian F. Gilboe.....	Pondera County

The report was promptly adopted and later a bill was passed entitled, "Senate Bill No. 55." This will provide for an amendment to the Montana Constitution. It is similar to the one passed in South Dakota which provided for optional hail insurance. North Dakota also passed a similar amendment, but also passed an amendment providing for an acreage tax. No acreage tax can be levied under the proposed amendment, and it will not make the writing of hail insurance compulsory with any farmer.

The Montana Farmers' Union Resolution.

State Hail Insurance—Senate Bill No. 55.

We wish to call the attention of the farmers and delegates to the matter of hail insurance. This organization has always been behind the work of the State Hail Insurance Department and its management by its chairman,

. K. Bowman. We believe this department has saved several hundred thousand dollars for Montana farmers as well as resulting in changed methods in handling hail insurance that are of great benefit

Although the State Hail Department has paid out more money on hail losses than any other organization in the state, we believe that action should be taken to give the farmers a chance to get more and better hail insurance. Records show that only one farmer in seven carries any hail insurance whatever. We believe this is mainly due to the high hail risk in this state and the resulting high rates. We further believe that the high rates can be materially reduced by additions to the hail insurance law that will be permitted by approval of the Constitutional amendment known as Senate Bill No. 55. This will be presented to the voters of the state at the next election.

If this is approved we believe the changes permitted will increase the volume of business for the state department and decrease the operating expense. Its passage will not make the hail insurance compulsory.

We feel that Montana farmers need more hail insurance and that with reduced costs more will take it. The high risks in this territory have caused the high rates of the stock companies and there is no promise of cheaper rates from this source. On this account we recommend the approval of Senate Bill No. 55 by this body and by the farmers at large over the state. Its approval will no doubt result in much benefit to the farmers and to those doing business with them.

If Senate Bill No. 55 is approved by the voters, we ask that the legislature pattern the Hail Insurance Laws as early as possible after the hail laws of North and South Dakota, where the adoption of a similar law gave the farmers an efficient optional hail insurance.

Respectfully submitted,

L. V. Dell, Columbus.
Chas. Corkins, Hardin.
W. H. Wallace, Musselshell,
J. F. Pithoud, Fromberg.
R. E. Snodgrass, Billings.

Legislative Committee.

The above resolution was adopted in the annual Montana Farmers' Union Convention at Billings, December 9, 1925.

This report and information on hail insurance is respectfully submitted to the grain growers of the state. Further information may be obtained from any county assessor or by writing the State Board of Hail Insurance at Helena, which is under the management of the following officers:

E. K. Bowman, Chairman and Manager, Helena.
Farmer and Member Montana Farmers' Union.
A. H. Bowman, Secretary, Helena.
Commissioner of Agriculture.
W. E. Harmon, Helena.
State Treasurer.
P. J. Anderson, Conrad.
Farmer and Former Officer Montana Grange.



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Ringling, Montana, Sept. 28, 1925.

Mr. E. K. Bowman, Chairman
State Board of Hail Insurance,
Helena, Montana.

Dear Sir:

Yours of the 26th is at hand and the \$557.00 could not come in any handier than just now. We are more than pleased with the way you handled our insurance. Your adjuster tried to be fair with us and the state, and I can only say that the way you handled the matter, you will always have our business.

Respectfully yours,

O. A. JOHNSON, (Signed)
Ringling, Montana.